**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**
**ORDINARY ORIGINAL CIVIL JURISDICTION**

COMPANY PETITION NO.688 OF 2007
CONNECTED WITH
COMPANY APPLICATION NO.916 OF 2007

In the matter of reduction of Share Capital of Colgate Palmolive (India) Ltd.

Colgate-Palmolive (India) Ltd. .. Petitioner.

Mr.Ravi Kadam, senior counsel with Mr.Birendra Saraf with Ms.Renuka Shetty and Sumeet Wadhavkar i/b M/s.Chitnis & Co. for the petitioner.

**CORAM : D.B.BHOSALE, J.**

**DATED : 27TH SEPTEMBER, 2007.**

**P.C.:**

1. The sanction of the court is sought to a scheme of reduction of Share Capital under section 100 to 105 of the Companies Act, 1956.

2. Learned senior counsel for the petitioner submits that there was cash surplus in the petitioner-company as on 27th July, 2007 as verified by the Statutory Auditors in the form of investments in the tax-free/taxable bonds, inter-corporate deposits and the cash/bank balance was Rs.352.36 crore which is in excess of its operational needs. He further submits that investments in treasury, which satisfy the petitioner company’s investment

criteria of security and liquidity, have yielded an incremental return of only 6 per cent as against the return on the Petitioner Company's core operations, which is significantly higher. Hence the Board of Directors of the petitioner company came to the conclusion that it was financially prudent for the petitioner company to return its share capital, which was in excess of its wants, to the members by restructing the capital structure as proposed in the Special Resolution passed by the shareholders of the petitioner company at their Annual General Meeting held on 27th July, 2007. Pursuant to the Special Resolution passed by the members of the petitioner, in terms of section 100 of the Companies Act, 1956 (for short "the Act") the petitioner proposes to pay-off and/or return the paid up capital that is in excess of the requirements of the petitioner company to its members and thereby reducing the face value of equity shares from Rs.10 per share to Re.1 per share. The reduction involves payment to the shareholders of Rs.9 per share aggregating to Rs.122.40 crore under section 100(1)(c) of the Act read with Rules 46 to 65 of the Companies (Court) Rules, 1959.

3. Upon perusal of the material placed before this court it appears that the petitioner company is highly profitable company engaged in fast moving

consumer goods. It has paid rich dividends to his shareholders since decades and has made a series of bonus issues since 1982. It further appears that despite the high dividend payout and issuance of bonus shares, the Shareholders' Funds have increased to Rs.280.5 crore out of the total Capital employed of Rs.284.8 crore as of 31st March, 2007. The cash surplus of the petitioner company as of July 27, 2007 was Rs.352.36 crore. It appears that amount of Rs.9 per share so reduced from the face value of Rs.10 per share and paid in cash to each Member would benefit all members uniformly. Even after returning the Rs.122.4 crore to the members by the petitioner company and payment of dividend distribution tax of Rs.20.8 crore aggregating to Rs.143.2 crore, the petitioner company will have a cash surplus of Rs.209.16 crore.

4. All statutory compliance have been fulfilled. There are no secured creditors and insofar as unsecured creditors are concerned out of 229 unsecured sundry creditors, 120 have given their consent to the proposed reduction of share capital and 109 have been paid-off/discharged fully. In view thereof the meeting was dispensed with vide order dated 21st August, 2007. The financial position of the company appears to be very sound as is evident

from its latest audited balance sheet as of 31st March, 2007 as well as from the surplus cash position as of 27th July, 2007. The shareholding pattern will remain unchanged and the members will continue to hold same number of shares. The total number of shares will remain the same.

5. There is no objection to the scheme and since all requisite statutory compliance have been fulfilled, company petition No.688 of 2007 is made absolute in terms of prayer clause (a) to (d).

6. All authorities concerned to act on a copy of this order duly authenticated by the Registry.

**(D.B.BHOSALE, J.)**